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EDAC D-146

April 14, 1958

ECONOMIC DEFENSE ADVISORY COMMITTEE

MEMORANDUM

To: Chairman, Economic Defense Advisory Committee
From: Chairman, Working Group I *HSB*
Subject: Sale by Scandinavian Airlines of ILS Equipment to Hungarian Airline.

A. THE PROBLEM

1. To consider the request of the Scandinavian Airlines System (SAS) for permission to sell VHF and ILS equipment to the Hungarian Airline (MALEV).

2. To determine a U.S. position on this request in the light of:

a. Coverage of this equipment under IL I Items 1501, 1517, and 1509.

b. The U.S. position in the 1958 List Review that the embargo status for these items should be maintained.

c. Para. 35 of the NSC paper on the U.S. civil aviation policy toward the Sino-Soviet bloc providing that aviation safety equipment may be supplied to certain satellite countries.

B. RECOMMENDATION OF WG I CHAIRMAN AND APPEAL TO EDAC

The Chairman, with the concurrence of the State, ICA, and Commerce members, recommended that the American Embassy Stockholm be authorized to interpose no objection to the proposed sale of ILS equipment by SAS to MALEV. The Defense member objected to this recommendation and advised that he would appeal to EDAC.

C. BACKGROUND INFORMATION

In its letter to the American Embassy Stockholm, dated January 27, 1958 (Embassy Despatch #830 of 1/28/58) SAS gave a detailed list of the equipment it wished to sell to MALEV and provided the following background to the proposed transaction.

"We have this equipment on our store but have told MALEV that this equipment when purchased was destined for own use and that we are not able to sell or

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loan it to any other carrier without specific approval from the manufacturer. The above equipment was purchased by SAS 'as surplus' from USA during the years 1948-50. The 75 mc marker receiver is a civil instrument made by the Bendix Aviation Corp. in USA. On the other surplus instruments mentioned above we cannot find any information regarding the manufacturer. All equipment has been used in our air craft but is later on changed for better and more modern equipment."

The American Embassy Stockholm was instructed on March 4, 1958 to request from SAS a copy of the original sales contract in order to determine which U.S. Government department originally licensed this equipment to SAS. The Embassy Stockholm has now been notified by SAS that the equipment had been bought in 1947 or 1948 through a purchasing agent in New York and shipped to Sweden on a general export license. Unfortunately, the firm's purchase records of this vintage were destroyed.

D. DISCUSSION IN WG I

The main technical points that emerged from the discussion were that the equipment (1) contained no advanced technology, (2) was clearly flight safety equipment, and (3) was all airborne equipment with the exception of the ILS test set TS-67.

The majority of the group were of the opinion that, having regard to the U.S. revised civil aviation policy toward the Sino-Soviet bloc, there should be no objection to the proposed sale. The Defense member was of the view that the U.S. should object to the transaction because (1) the destination was Hungary, and (2) there was a shortage of this type of equipment in the bloc. A separate Defense memorandum on its appeal will be lodged with the Chairman of EDAC.

Distribution:

ED List Parts I & II;
WG I (Limited)

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